

Message Text

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16

ACTION EUR-12

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 1400

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E.O. 11652: N/A

TAGS: BDIS, EMIN, SP

SUBJ: COFOMIN MERCURY MINE

REF: STATE 61750, 245584, 8 NOV 1974; 222790, 10 OCT 74;
MADRID 6589, 18 OCT 74; RUSSELL-CECCHINI LETTER 4 DEC.
1974, OLIVER-SMITH LETTER 23 SEP 74; 1974; SMITH-OLIVER LETTER
5 SEPT 1974

1. APPARENT MR. RENOUF RUSSELL HAS NOT BEEN ENTIRELY FORTHCOMING
IN HIS LATEST CONTACT WITH THE DEPT. EMBOFF CECCHINI
ACCOMPANIED RUSSELL TO MEETING SET UP BY EMBASSY WITH SR. ENRIQUE
LLANSO Y LOPO, SUBDIRECTOR GENERAL OF ORDENACION MINERA (THE
REGULATORY AGENCY FOR MINES), MINISTRY OF INDUSTRY, ON 11 NOV
1974. AT THAT MEETING LLANSO TOLD RUSSELL THAT AS FAR AS HIS
OFFICE WAS CONCERNED RUSSELL COULD EXERCISE THE RIGHTS GRANTED
COFOMIN TO EXPLORE AND EXPLOIT ITS MERCURY MINING CONCESSIONS
IN THE NORTHERN PART OF SPAIN. HE ADDED THOUGH, THAT WHATEVER
ARRANGEMENT COFOMIN HAD WITH THE OWNER OF THE CONCESSION WAS
STRICTLY PRIVATE BUSINESS. HE ALSO CLEARLY STATED THAT IF THE
CONCESSION WERE SOLD, IT COULD BE SOLD ONLY TO SPANISH NATIONALS
IN ACCORDANCE WITH THE MINING LAW OF 1973. IN SHORT THE 1973
LAW WOULD NOT RETROACTIVELY AFFECT COFOMIN'S ORIGINAL OWNERS
BUT IT WOULD PROHIBIT ANY OTHER FOREIGNER FROM ACQUIRING THE
CONCESSION.

2. SUBSEQUENT TO HIS CALL ON SR. LLANSO, RUSSELL SAW HIS
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LAWYER, SR. ALEJO L. MELLADO, OF THE FIRM J&A GARRIGUES.

RUSSELL DID NOT INFORM THE EMBASSY OF THE CONTENT OF HIS DISCUSSION WITH MELLADO BUT SIMPLY SAID HE WOULD MAKE THE CALL.

3. RUSSELL'S CRYPTIC NOTE OF 4 DEC 1974 TO CECCHINI THANKED THE LATTER FOR HIS ASSISTANCE AND MADE REFERENCE TO AN ATTACHED COPY OF A LETTER RUSSELL HAD SENT THAT SAME DAY TO MELLADO. HIS LETTER TO MELLADO MADE NO REFERENCE TO HIS CALL ON LLANSO AT THE MINISTRY, BUT RATHER REPEATED HIS APPARENTLY EARLIER SUGGESTION THAT THE CONCESSION BE SOLD TO ALMADEN (THE GOVT OWNED MERCURY MINE) OR AN ILLEGIBLE BUYERS. THE IMPORTANT POINT IS THAT RUSSELL ASKED MELLADO TO ACT APPARENTLY AS HIS SALES AGENT. HE DID NOT REQUEST ANY ADDITIONAL ASSISTANCE FROM THE EMBASSY NOR DID HE MENTION ANY FURTHER APPEAL TO THE MINISTRY OF INDUSTRY.

4. IT IS OBVIOUS THAT RUSSELL IS NOT INTERESTED IN EXERCISING HIS RIGHTS UNDER THE CONCESSION GIVEN COFOMIN AND WANTS TO SELL THE CONCESSION. HE IN FACT ADMITTED THIS IN HIS LETTER TO MELLADO AND IN A CASUAL REMARK TO CECCHINI THAT HE HAD A BUYER FOR THE CONCESSION IN THE US.

5. AT THIS POINT THE SITUATION CAN BE SUMMED UP AS FOLLOWS:
A. THE MINISTRY OF INDUSTRY HAS GIVEN RUSSELL THE O.K. TO USE HIS CONCESSION; B. RUSSELL DOES NOT WANT TO OPERATE THE MINE;
C. IF HE SELLS IT, HE MUST SELL IT TO SPANISH NATIONALS; D. HIS LAWYER, MELLADO, APPARENTLY HAS FOUND NO SPANISH BUYER FOR THE MINE; E. RUSSELL APPEARS TO BE SOLICITING US GOVERNMENT OFFICIAL INTERVENTION IN AN EFFORT TO FREE THE CONCESSION FOR SALE TO ANOTHER FOREIGN BUYER, MOSTLY LIKELY IN THE US.

6. THERE IS NO FURTHER RECOURSE TO THE GOS. RUSSELL MUST EITHER SELL THE CONCESSION UNDER THE CONDITIONS THAT NOW PREVAIL OR OPERATE IT HIMSELF. IN VIEW OF THIS DOES THE DEPARTMENT STILL WANT THE EMBASSY TO MAKE A DEMARCHE?
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